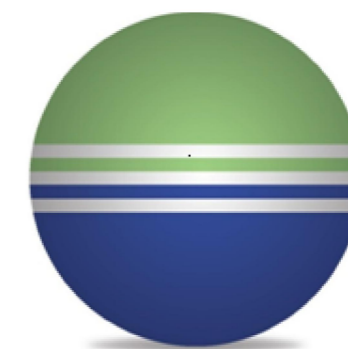




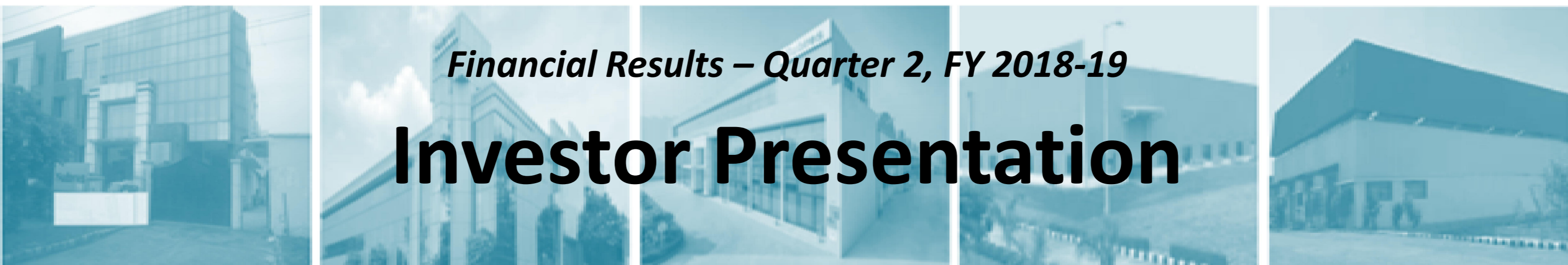
**Subros**



*Cooling the Planet*

*Financial Results – Quarter 2, FY 2018-19*

**Investor Presentation**





*This presentation might contain forward looking statements which involve a number of risks, uncertainties and other factors that could cause the actual results to differ materially from those in the forward looking statements. The Company undertakes no obligation to update these to reflect the events or circumstances thereof. Secondly, these statements should be understood in conjunction with the risks the company faces.*



## Financial Highlights of the Quarter

Result analysis – H1 - FY 2018-19 v/s H1 - FY 2017-18

Result analysis – Q2 - FY 2018-19 v/s Q2 - FY 2017-18

Result analysis – Q2 - FY 2018-19 v/s Q1 - FY 2018-19

Way Forward



- Strong performance in a dynamic market environment
- Highest ever quarterly revenues of Rs 564.03 cr, an increase of 13% over corresponding period
- Q2 net profit (PBT) at 5.65% up by 31%

## Financial Highlights Q2 FY 18-19

Indicator	Amount (Rs cr)	Growth# (%)
Revenues	564.03	13% ↑
EBITDA	65.07	14% ↑
PBT	31.82	31% ↑
PAT	23.80	58% ↑

## Financial Highlights H1 FY 18-19

Indicator	Amount (Rs cr)	Growth# (%)
Revenues	1,095.72	20% ↑
EBITDA	126.17	24% ↑
PBT	60.14	56% ↑
PAT	42.72	67% ↑

**Strong operational performance in H1 with 20% growth in sales and 24% growth in EBITDA**

#All comparisons with the same period last year





PARTICULARS	Quarter Ended			Six Month Ended		Year Ended
	30.09.2018	30.06.2018	30.09.2017	30.09.2018	30.09.2017	31.03.2018
Net Sales	56336	53108	49694	109444	91143	190751
Other Operating Income	67	61	21	128	54	538
<b>Net Income from Operation</b>	<b>56403</b>	<b>53169</b>	<b>49715</b>	<b>109572</b>	<b>91197</b>	<b>191289</b>
Other Income	576	411	292	987	348	743
<b>Net Revenue</b>	<b>56979</b>	<b>53580</b>	<b>50007</b>	<b>110559</b>	<b>91545</b>	<b>192032</b>
Raw Material Consumed	39623	37360	35522	76983	64295	133495
Total Material cost % to Net Sales	70.33%	70.35%	71.48%	70.34%	70.54%	69.98%
Staff Cost	5359	5260	4488	10619	8624	18812
Staff cost % to Net Sales	9.51%	9.90%	9.03%	9.70%	9.46%	9.86%
Other Exp.	5490	4850	4268	10340	8414	17984
Other Exps. % to Net Sales	9.74%	9.13%	8.59%	9.45%	9.23%	9.43%
<b>EBIDTA</b>	<b>6507</b>	<b>6110</b>	<b>5729</b>	<b>12617</b>	<b>10212</b>	<b>21741</b>
<b>% to Net Sales</b>	<b>11.55%</b>	<b>11.50%</b>	<b>11.53%</b>	<b>11.53%</b>	<b>11.20%</b>	<b>11.40%</b>
Depreciation and Amortisation exp	1991	1876	2281	3867	4385	9200
Depreciation % to Net Sales	3.54%	3.53%	4.59%	3.53%	4.81%	4.82%
Interest	1334	1402	1020	2736	1960	4121
Interest cost % to Net Sales	2.37%	2.64%	2.05%	2.50%	2.15%	2.16%
<b>Net Profit/(Loss)</b>	<b>3182</b>	<b>2832</b>	<b>2428</b>	<b>6014</b>	<b>3867</b>	<b>8420</b>
<b>% to Net Sales</b>	<b>5.65%</b>	<b>5.33%</b>	<b>4.89%</b>	<b>5.49%</b>	<b>4.24%</b>	<b>4.41%</b>
Exceptional Items	0	-334	-92	-334	-182	-182
<b>Profit from Ordinary Activities</b>	<b>3182</b>	<b>2498</b>	<b>2336</b>	<b>5680</b>	<b>3685</b>	<b>8238</b>
% to Net Sales	5.65%	4.70%	4.70%	5.19%	4.04%	4.32%
(a) Current Tax	683	552	489	1235	791	1787
(b) Deferred Tax	118	53	339	171	334	389
<b>Net Profit after Tax/(Loss)</b>	<b>2381</b>	<b>1893</b>	<b>1508</b>	<b>4274</b>	<b>2560</b>	<b>6062</b>
<b>% to Net Sales</b>	<b>4.23%</b>	<b>3.56%</b>	<b>3.03%</b>	<b>3.91%</b>	<b>2.81%</b>	<b>3.18%</b>
Other Comprehensive Income (net of tax)	-1	-1	-5	-2	-10	-5
<b>Total Comprehensive Income</b>	<b>2380</b>	<b>1892</b>	<b>1503</b>	<b>4272</b>	<b>2550</b>	<b>6057</b>
% to Net Sales	4.23%	3.56%	3.02%	3.90%	2.80%	3.18%
EPS	3.97	3.15	2.51	7.12	4.27	10.11



Financial Highlights of the Quarter

Result analysis – H1 - FY 2018-19 v/s H1 - FY 2017-18

Result analysis – Q2 - FY 2018-19 v/s Q2 - FY 2017-18

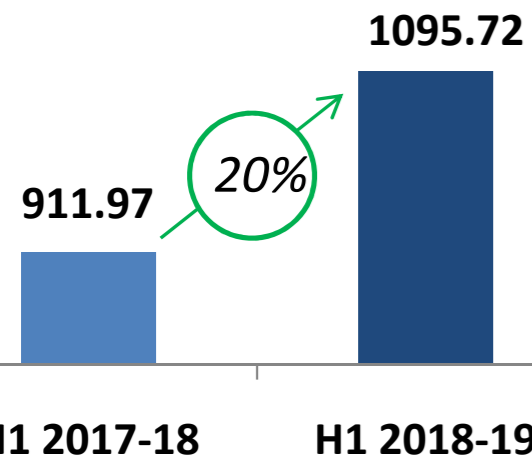
Result analysis – Q2 - FY 2018-19 v/s Q1 - FY 2018-19

Way Forward



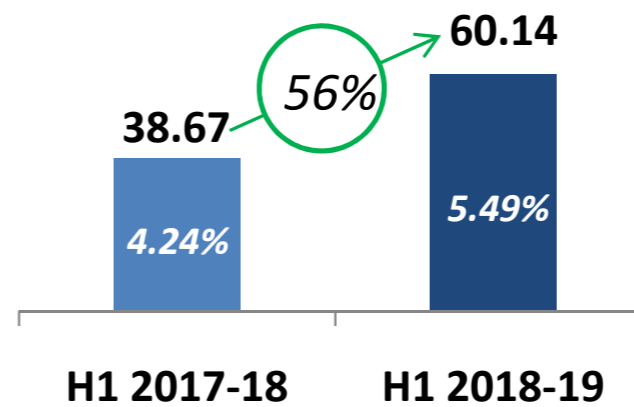
(Values in Rs Crore)

## Revenues



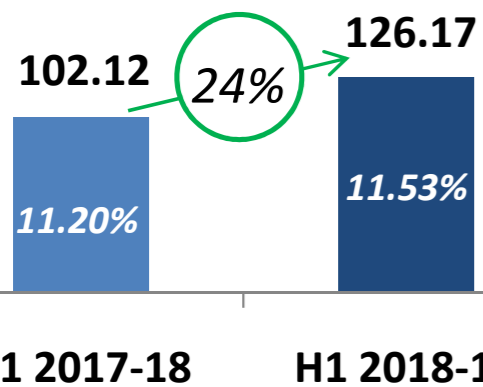
Revenues recorded growth of 20% in H1 2018-19 over corresponding half year period

## PBT



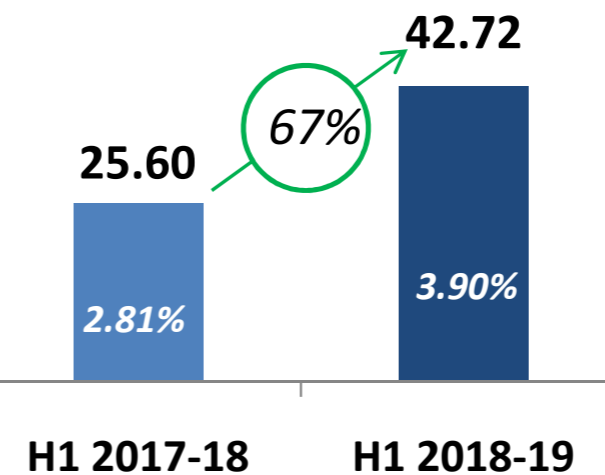
- Improvement in PBT (before exceptional exp.) by 56% over corresponding period
- Operational efficiencies contributed in growth of profitability

## EBITDA



- Realisation of EBIDTA Level of 11.53%
- Improvement in EBIDTA margins by 24% ie 33 BPS in H1 FY 2018-19 -11.53% v/s H1 FY 2017-18 -11.20%

## PAT



- Improvement in PAT by 67% over corresponding period



## Key Indicators

Indicators	H1 2018-19	H1 2017-18	Change	Status
Net Sales (Rs lac)	1,09,444	91,143	18,301	●
Other Income (Rs lac)	987	348	639	●
Material Cost	70.34%	70.54%	(0.20)	●
Employee Cost	9.70%	9.46%	0.24	■
Other Expenses	9.45%	9.23%	0.22	●
Op. EBIDTA	11.53%	11.20%	0.33	●
Finance Cost	2.50%	2.15%	0.35	■
Depreciation	3.53%	4.81%	(1.28)	●
PBT (before exceptional)	5.49%	4.24%	1.25	●
PAT	3.90%	2.81%	1.09	●

●	Positive	■	Moderate - variation upto 5%	✗	Negative - variation exceeding 5%
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## Key aspects

- Higher Finance cost is attributed due to MTM loss on foreign currency liabilities as a result of currency depreciation
- Other income are higher due to realized currency gain on Hedging & MTM on derivative contracts.





Financial Highlights of the Quarter

Result analysis – H1 - FY 2018-19 v/s H1 - FY 2017-18

Result analysis – Q2 - FY 2018-19 v/s Q2 - FY 2017-18

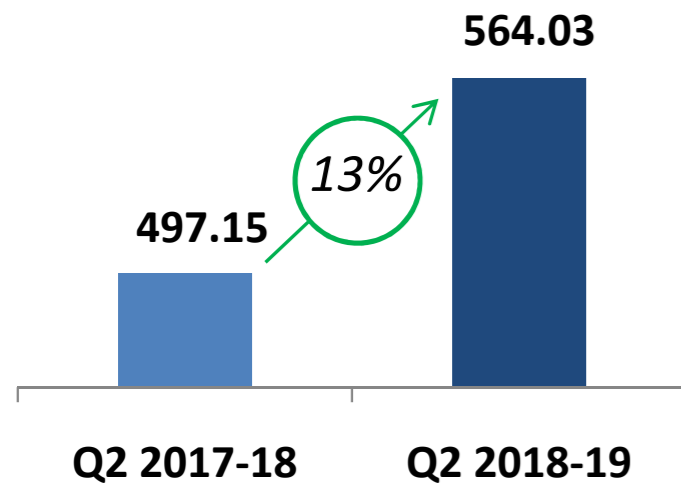
Result analysis – Q2 - FY 2018-19 v/s Q1 - FY 2018-19

Way Forward



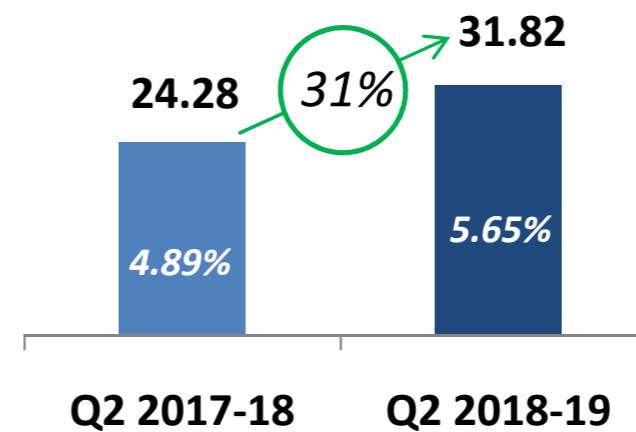
(Values in Rs Crore)

## Revenues



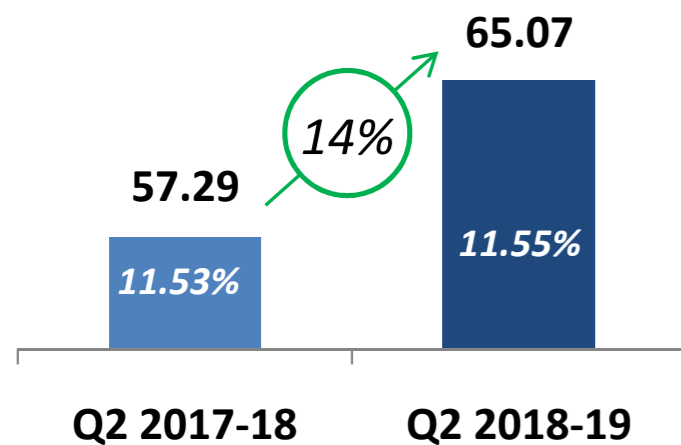
Revenues recorded growth of 13% in Q2 2018-19 over corresponding quarter

## PBT



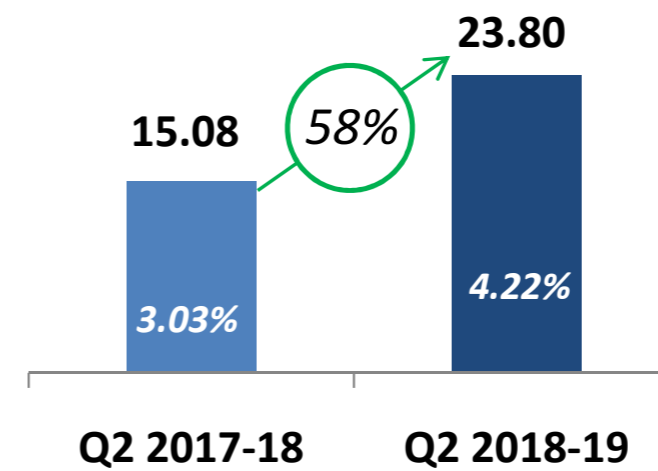
Improvement in PBT by 31% over corresponding quarter

## EBITDA



Realisation of EBIDTA Level of 11.55%, higher by 14% over corresponding quarter

## PAT



PAT levels at 4.22% higher by 58% over corresponding quarter



## Key Indicators

Indicators	Q2 2018-19	Q2 2017-18	Change	Status
Net Sales (Rs lac)	56,336	49,694	6,642	●
Other Income (Rs lac)	576	292	284	●
Material Cost	70.33%	71.48%	(1.15)	●
Employee Cost	9.51%	9.03%	0.48	×
Other Expenses	9.74%	8.59%	1.15	×
Op. EBIDTA	11.55%	11.53%	0.02	●
Finance Cost	2.37%	2.05%	0.32	×
Depreciation	3.54%	4.59%	(1.05)	●
PBT (before exceptional)	5.65%	4.89%	0.76	●
PAT	4.22%	3.03%	1.19	●

●	Positive	■	Moderate - variation upto 5%	×	Negative - variation exceeding 5%
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## Key aspects

- Staff cost is higher due to salary/wage revision , higher production
- Other expenses are higher due to increase in selling & distribution expenses ie Freight, Packing material etc
- Finance cost is high because of MTM loss on foreign currency liabilities as a result of currency depreciation.
- Other income are higher due to realized currency gain on Hedging & MTM on derivative contracts.



Financial Highlights of the Quarter

Result analysis – H1 - FY 2018-19 v/s H1 - FY 2017-18

Result analysis – Q2 - FY 2018-19 v/s Q2 - FY 2017-18

Result analysis – Q2 - FY 2018-19 v/s Q1 - FY 2018-19

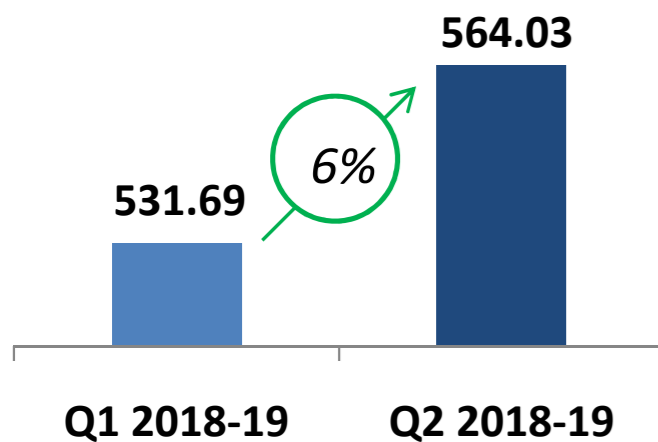
Way Forward





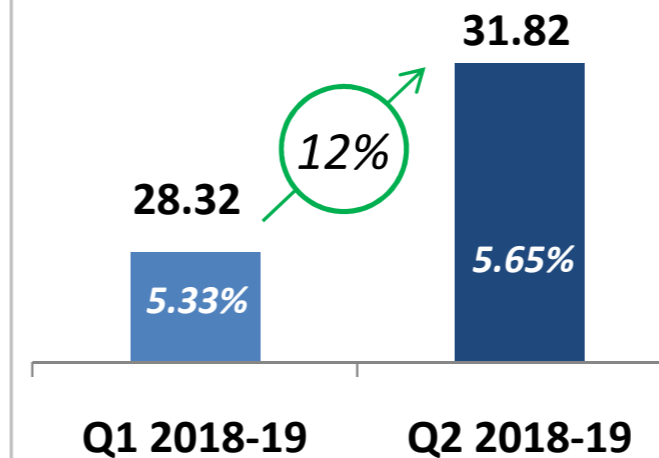
(Values in Rs Crore)

## Revenues



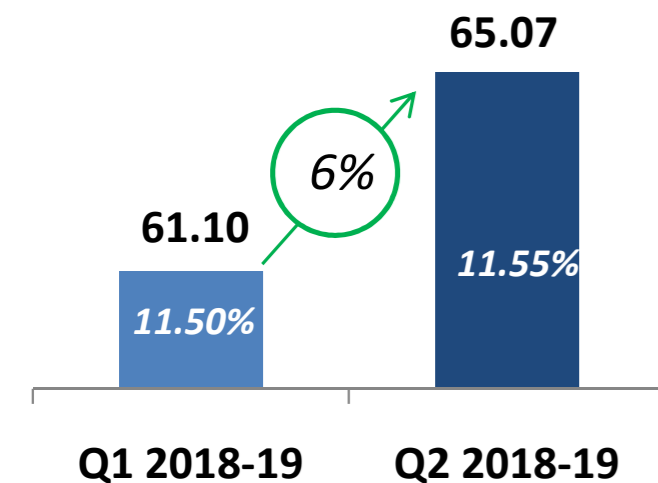
Revenues recorded a growth of 6% in Q2 2018-19 over Previous Quarter

## PBT



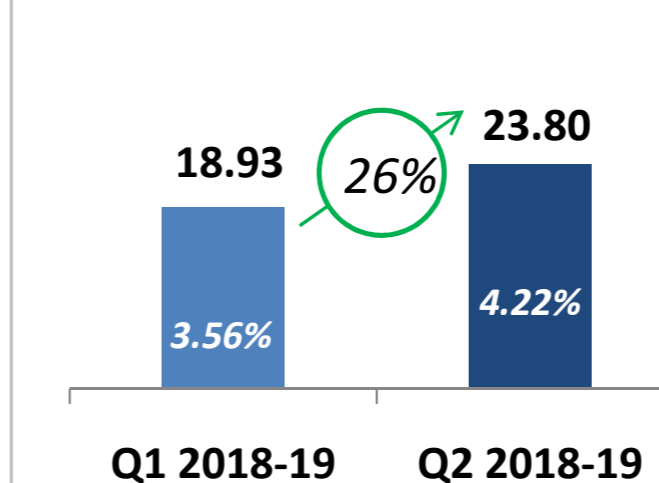
- Improvement in PBT by 12% over previous Quarter
- No Exceptional Expenses incurred in Q2 FY 2018-19

## EBITDA



- Realisation of EBIDTA Level of 11.55%
- Improvement in EBIDTA margins, Q2 FY 2018-19 -11.55% v/s Q1 FY 2018-19 -11.50%

## PAT



Improvement in PAT (after tax) by 26% over previous Quarter.



## Key Indicators

Indicators	Q2 2018-19	Q1 2018-19	Change	Status
Net Sales (Rs. lac)	56,336	53,108	3,228	●
Other Income (Rs. lac)	576	411	165	●
Material Cost	70.33%	70.35%	(0.02)	●
Employee Cost	9.51%	9.90%	(0.39)	●
Other Expenses	9.74%	9.13%	0.61	■
Op. EBIDTA	11.55%	11.50%	0.05	●
Finance Cost	2.37%	2.64%	(0.27)	●
Depreciation	3.54%	3.53%	0.01	●
PBT (before exceptional)	5.65%	5.33%	0.32	●
PAT	4.22%	3.56%	0.66	●

●	Positive	■	Moderate - variation upto 5%	✗	Negative - variation exceeding 5%
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Financial Highlights of the Quarter

Result analysis – H1 - FY 2018-19 v/s H1 - FY 2017-18

Result analysis – Q2 - FY 2018-19 v/s Q2 - FY 2017-18

Result analysis – Q2 - FY 2018-19 v/s Q1 - FY 2018-19

Way Forward



## Market and Revenue Potential

**Growth in Line with Indian Car and CV Segment  
(Double Digit Growth in 2018-19)**



**Business Expansion in Bus, Railways, Truck AC, Home AC Segment  
(Growth >10% over last year)**



**Potential of Truck AC likely to change in 2020 from Blower**



## Operational Aspects

**Mitigating Impact of Foreign Exchange Fluctuations  
( Consistent Hedging Policy)**



**Material Cost Down thru VA/VE, Alternate sourcing  
( Focus on Localisation for De-risking FE Impact)**



**Improvement in EBIDTA and ROCE**



**Settlement of Insurance Claim**







**Thank You**

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